Coins

The rarities ring out with the sounds of profits

By Roger Boye

FOR $1.35 IN 1903, a Pittsburgh coin collector bought an 1880 proof trade dollar from a dealer in Pennsylvania. Today, the coin sells for about $625.

Prices for rare coins have increased dramatically in the 20th Century, as this example indicates. And big price increases have occurred with some coins in much shorter time spans.

For example, dealers sold a 1932-D uncirculated quarter in 1970 for $150; today, this coin sells for about $400.

Rare coins are gaining favor as an investment, judging from recent articles in the numismatic press. In fact, one recent survey ranked rare coins as the fifth most popular investment [after common stocks, United States savings bonds, real estate, and mutual funds].

Most rare coins produce a profit if held for several years. As Q. David Bowers of the large Los Angeles coin firm of Bowers and Ruddy Galleries, Inc., has written:

"Never in our firm's history of purchasing tens of millions of dollars worth of coins have we ever failed to pay a profit to the owner of a choice collection of coins providing he has acquired coins of good value to begin with and has held them for five years or more.

Two points deserve emphasis: A successful coin investor must not expect profits overnight, and he must be discriminating in what he buys. Not all coins increase in price at the same rate, and some coins may even drop in price.

A Des Moines dealer, Don Kagin of Kagin's Numismatic Investment Corp., provides some additional hints for the coin investor. He suggests:

● Find a dealer or dealers you can trust. Can you relate with the dealer? Does the dealer know what he or she is selling? Does the dealer know the difference between counterfeits and genuine coins?

● Be knowledgeable about coins. Subscribe to coin periodicals. Keep track of auction records. Learn about the grading of coins. Buy books on coin collecting. Don't depend entirely on the dealer.

● Be patient—coin prices rise in cycles and spurts.